



# Fast Facts

CALIFORNIA DEPARTMENT OF HEALTH SERVICES

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## MEDI-CAL MANAGED CARE

Traditionally, the Medi-Cal program has been almost entirely a fee-for-service system of health care delivery in which qualified providers are paid when they provide specific services to Medi-Cal beneficiaries. However, recognizing the limitations that Medi-Cal's traditional fee-for-service system imposes on efforts to promote access to care, quality services, and cost-effectiveness, the state embarked on an ambitious initiative to move Medi-Cal recipients into managed care plans that arrange and pay for health care coverage for enrolled men, women, and children, including some elderly and disabled Californians.

### How Managed Care Works

In managed care, individual service providers contract with a health care plan that emphasizes primary and preventive care. Medi-Cal beneficiaries in counties that have transitioned from the traditional fee-for-service system to a system that now includes mandatory managed care enrollment have the opportunity to choose a health plan and a primary doctor affiliated with that plan. In most counties, one or more commercial health maintenance organizations (HMO) are available. In some counties, one HMO is a locally developed health plan. The primary care doctor provides basic medical care on a regular basis and, when necessary, referrals to specialists and other types of medical services.

### Benefits of Managed Care

- **Improve Access to Care:** Many Medi-Cal recipients experience great difficulty in finding a doctor who is willing to see them. Under managed care, their access is assured to routine and preventive care, as well as necessary specialty and inpatient care.
- **Increase Beneficiary Choice:** Medi-Cal managed care plans contract with multi-disciplinary networks of physicians, nurse practitioners, hospitals, and other providers, thus giving Medi-Cal recipients greater choice in their health care providers.
- **Contain Long-term Costs:** By improving access to primary and preventive health care, Medi-Cal managed care hopes to reduce costly hospitalizations and unnecessary emergency room visits that would otherwise result from delays in obtaining care.

**Implementation of Medi-Cal Managed Care**

In the 12 counties designated for expansion, the Department of Health Services (DHS) has implemented a two-plan managed care model. One plan, called the local initiative, was developed by the county in conjunction with local stakeholders, including physicians, hospitals, clinics, and pharmacists. The second plan is a non-governmentally operated HMO. Other managed care models include Geographic Managed Care, which is currently operating in Sacramento and San Diego counties, and County Organized Health Systems, which are now operating in Santa Barbara, San Mateo, Orange, Santa Cruz, Monterey, Napa, and Solano counties.

**The Governor's Budget**

The number of Medi-Cal beneficiaries currently enrolled in managed care plans is 2.5 million, approximately half of all Medi-Cal beneficiaries. The Governor's budget includes an allocation for an education and outreach campaign to encourage all Californians that may now be eligible for Medi-Cal under the most recent eligibility rules to apply for coverage for themselves and their children.